## **Salem County Business Capital Assistance Program**

The Salem County Business Capital Assistance Program (SCBCAP) is available to businesses currently located in Salem County, in an amount not to exceed \$35,000.

## **Eligible Activities**

The SCBCAP is only available for:

- ◆ Debt reduction/refinance or short term working capital i.e. to pay suppliers.
- Purchase of inventory.
- Payment of operating expenses.
- Emergency equipment replacement.

#### **Ineligible Activities**

The SCBCAP cannot be used for refinancing delinquent bank loans or delinquent State and Federal taxes.

#### **Eligible Applicants**

Funds through the SCBCAP will be available to private, viable, for-profit businesses located in Salem County that have the ability to show profitability in one of the past three years and be able to project sufficient cash flow to meet current and future loan payments. Eligible businesses would be otherwise profitable entities that are experiencing hardship with meeting operating costs and or making debt payments. This hardship may be a result of reduced revenue due to economic factors outside of the control of the business, high interest loans with restrictive terms, increased costs, and tightened supplier terms. There must be likelihood that this financial assistance will provide the necessary means to sustain the business through challenging economic times. Businesses which are severely delinquent on their current obligations or are not viable would not be eligible for this program. Assistance through the SCBCAP is available to a Salem County business *one time only*.

#### **Required Documentation**

Applicants seeking an SCBCAP loan must provide:

- A detailed statement for the use of the proceeds.
- A current Business Plan.
- ◆ A list of the five largest customers (name, address, telephone, contact person).
- A list of the five largest suppliers (name, address, telephone, contact person).

In addition, applicant must provide business financial statements and other documentation including:

- Balance Sheets for three years proceeding the year of the application, or those statements available.
- Profit and Loss statements for three years proceeding the year of the application, or those statements available.
- Most recent quarterly financial statement if fiscal statement is more than three months old.
- Schedule of short-term notes and loans payable.
- Schedule of long-term debt.

The Salem County Loan Board may also require applicants to provide:

- Appraisals on real property and/or machinery and equipment (appraisers acceptable to Loan Board).
- Certificate of Non-Compliance (ISRA) if applicable.
- Accounts receivable aging.
- Accounts payable aging.

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All financial information must be prepared by a CPA acceptable to the Loan Board. Additional information may be required as determined by a Salem County Improvement Authority.

#### **Participation**

The loan repayment period shall not exceed a maximum of five years for SCBCAP, and will be based on the use of funds. The basis for negotiations includes the monthly payment which the applicant can afford, and the need to match the loan terms of the useful life of the assets being financed.

Loans funded through the SCBCAP will be priced at the Federal Discount Rate at the time of approval, fixed for the term of the loan with a floor of 2%.

#### **Review Procedure**

Once the loan application is received by the participating financial institution, the loan request will be reviewed by the Salem County Improvement Authority. If the loan satisfies all program requirements, it is referred to the SCRLF Loan Board. If approved by the Loan Board: A title search and title insurance will be required at the cost of the applicant; and certification shall be received by the County of Salem, from the municipal authority, that all taxes are current.

## **Loan Servicing Agent**

The SCRLF will designate the participating lending institution to service their respective loans. Applicants will be wholly responsible for closing costs, credit checks, and other associated financial fees.

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